

# Auditing Procedures Report

Instructions and MuniCodes

\*=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.06)

Unit Name* TOWNSHIP OF BUEL	County* SANILAC	Type* TOWNSHIP	MuniCode* 76-1-040
Opinion Date-Use Calendar* Jun 18, 2008	Audit Submitted-Use Calendar* Aug 27, 2008	Fiscal Year End Month* 03	Fiscal Year* 2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

<input checked="" type="checkbox"/> ?	1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?
<input checked="" type="checkbox"/> ?	2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?
<input checked="" type="checkbox"/> ?	3. Were the local unit's actual expenditures within the amounts authorized in the budget?
<input checked="" type="checkbox"/> ?	4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?
<input checked="" type="checkbox"/> ?	5. Did the local unit adopt a budget for all required funds?
<input checked="" type="checkbox"/> ?	6. Was a public hearing on the budget held in accordance with State statute?
<input checked="" type="checkbox"/> ?	7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?
<input checked="" type="checkbox"/> ?	8. Has the local unit distributed tax revenues that were collected for another taxing unit, timely as required by the general property tax act?
<input checked="" type="checkbox"/> ?	9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?
<input checked="" type="checkbox"/> ?	10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin)?
<input checked="" type="checkbox"/> ?	11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)
<input checked="" type="checkbox"/> ?	12. Is the local unit free of repeated reported deficiencies from previous years?
<input checked="" type="checkbox"/> ?	13. Is the audit opinion unqualified? 14. If not, what type of opinion is it? NA
<input checked="" type="checkbox"/> ?	15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?
<input checked="" type="checkbox"/> ?	16. Has the board or council approved all disbursements prior to payment as required by charter or statute?
<input checked="" type="checkbox"/> ?	17. To your knowledge, were the bank reconciliations that were reviewed performed timely?
<input checked="" type="checkbox"/> ?	18. Are there reported deficiencies? 19. If so, was it attached to the audit report?

General Fund Revenue: ?	\$ 135,255.00
General Fund Expenditure: ?	\$ 69,422.00
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance: ?	\$ 365,192.00
Governmental Activities Long-Term Debt (see instructions): ?	\$ 0.00

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

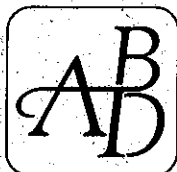
CPA (First Name)* GARY	Last Name* ANDERSON	Ten Digit License Number* 1101005446		
CPA Street Address* 715 E. FRANK ST	City* CARO	State* MI	Zip Code* 48723	Telephone* +1 (989) 673-3137
CPA Firm Name* ANDERSON, TUCKEY, BERNARD	Unit's Street Address* 2565 HALL ROAD	Unit's City* CROSWELL	Unit's Zip* 48422	

**TOWNSHIP OF BUEL,  
SANILAC COUNTY, MICHIGAN**

Report of Financial Statements  
(with required supplementary and  
additional information)  
March 31, 2008

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# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

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Robert L. Tuckey, CPA

June 18, 2008

## REPORT OF INDEPENDENT AUDITOR'S

Township of Buel  
Sanilac County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Township of Buel as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Township of Buel's management. Our responsibility is to express an opinion about these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as amended and interpreted, as of April 1, 2007.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Buel as of March 31, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis budgetary comparison information on pages i through v and 13 and 14 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Buel's basic financial statements. The supplemental financial information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Township of Buel. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

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**ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

**Township of Buel**  
Management's Discussion and Analysis  
March 31, 2008

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As management of the Township of Buel, we offer readers of the Township of Buel financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2008.

This reporting model was adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements -- and Management Discussion and Analysis (MD&A) -- for State and Local Governments issued in June of 2000. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model, certain necessary comparative information of the previous year was not prepared. We expect this situation to continue because small townships are only required to have an audit every other year.

**FINANCIAL HIGHLIGHTS**

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$413,675 (net assets). Of this amount, \$365,192 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$31,160.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of approximately \$401,067, an increase of \$30,591.
- At the end of the current fiscal year, unreserved fund balance for the general fund was approximately \$365,192, or 345 percent of total general fund expenditures.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary and additional information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

## **Township of Buel**

### **Management's Discussion and Analysis**

March 31, 2008

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The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., delinquent personal property taxes).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes, special assessments and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, community and economic development, culture and recreational, and other functions.

The government-wide financial statements can be found on pages 1 and 2 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Township maintains two individual governmental funds. Information is presented separately in governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the road fund, which are considered to be major funds.

The Township adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund and road fund in the required supplementary information.

The basic governmental fund financial statements can be found on pages 3 through 5 of this report.

## Township of Buel

### Management's Discussion and Analysis

March 31, 2008

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**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 6 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 12 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund and special revenue budget. Required supplementary information can be found on pages 13 and 14 of this report.

The agency fund statement can be found on page 15 of this report.

### Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of government's financial position. In the case of the Township, assets exceeded liabilities by \$413,675 at the close of the most recent fiscal year.

A portion of the Township's assets (3 percent) reflects its investment in capital assets (e.g., land, building, and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the Township does not have any outstanding debt.

	2008
Current and other assets	\$ 401,067
Capital assets	12,608
Total assets	413,675
Current liabilities	-
Net assets:	
Invested in capital assets	12,608
Restricted	35,875
Unrestricted	365,192
Total net assets	\$ 413,675

**Township of Buel**  
Management's Discussion and Analysis  
March 31, 2008

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**Governmental activities.** Governmental activities increased the Township's net assets by approximately \$31,160. Key elements of this increase are as follows:

**Township of Buel's Changes in Net Assets**

	<u>Governmental activities</u> <u>2008</u>
Revenues:	
Program revenues:	
Charges for services	\$ 2,565
General revenues:	
Property Taxes:	
Levied for general purposes	67,078
State sources	88,072
Licenses and permits	440
Other	9,911
Total revenues	<u>168,066</u>
Expenses:	
Legislative	2,369
General government	42,882
Public safety	18,471
Public works	72,255
Unallocated depreciation	929
Total expenses	<u>136,906</u>
Increase in net assets	31,160
Net assets, beginning of year	382,515
Net assets, end of year	<u>\$ 413,675</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved and undesignated fund balance of the general fund was \$365,192. The fund balance of the Township's general fund increased by \$29,333 during the current fiscal year.



**Township of Buel**  
Management's Discussion and Analysis  
March 31, 2008

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**General Fund Budgetary Highlights**

The final amended budget was changed from the original budget, and the individual fluctuations can be summarized as follows:

- \$1,000 increase in general government activities
- \$1,000 decrease in public safety activities

The main reason for the changes resulted from reallocating expenses across the different governmental activities. During the year, budgetary estimates for expenditures were more than actually incurred.

**Capital Asset**

**Capital assets.** The Township's investment in capital assets for its governmental activities as of March 31, 2008 amounts to \$12,608 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and equipment.

**Township of Buel's Capital Assets**  
(net of depreciation)

	<u>Governmental activities</u> 2008
Land	\$ 1,641
Buildings and improvements	9,193
Equipment	1,774
	<u>\$ 12,608</u>

Additional information on the Township's capital assets can be found in Note 2 on page 11 of this report.

**Economic Factors and Next Year's Budgets and Rates**

Township of Buel's goal is to continually look for the most efficient and effective methods to maintain and enhance the services that are provided to the public. The Township has a conservative and financially prudent budget for the fiscal year 2009 that also promotes and funds numerous project objectives.

**Request for Information**

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Township Supervisor's Office, 1725 Aitken Road, Croswell, MI 48422.

## **BASIC FINANCIAL STATEMENTS**

**TOWNSHIP OF BUEL, SANILAC COUNTY**

Statement of Net Assets

March 31, 2008

	<u>Governmental Activities</u>
<b>ASSETS</b>	
CURRENT ASSETS	
Cash	\$ 389,267
Accounts receivable	<u>11,800</u>
TOTAL CURRENT ASSETS	401,067
CAPITAL ASSETS	
Land	1,641
Capital assets, net of accumulated depreciation	<u>10,967</u>
TOTAL CAPITAL ASSETS	<u>12,608</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 413,675</u></b>
<b>LIABILITIES AND NET ASSETS</b>	
TOTAL LIABILITIES	-
NET ASSETS	
Invested in capital assets	\$ 12,608
Restricted	35,875
Unrestricted	<u>365,192</u>
TOTAL NET ASSETS	<u>413,675</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 413,675</u></b>

The accompanying notes are an integral part of the financial statements.

# TOWNSHIP OF BUEL, SANILAC COUNTY

## Statement of Activities

March 31, 2008

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		<u>Net (expense) revenue and changes in net assets</u>
		<u>Charges for services</u>		<u>Total governmental activities</u>
Primary government				
Governmental activities				
Legislative	\$ 2,369			\$ (2,369)
General government	42,882	\$ 2,565		(40,317)
Public safety	18,471			(18,471)
Public works	72,255			(72,255)
Depreciation	929			(929)
Total governmental activities	<u>\$ 136,906</u>	<u>\$ 2,565</u>		<u>\$ (134,341)</u>
General revenues				
Taxes				\$ 67,078
Licenses and permits				440
Intergovernmental				88,072
Other revenues and refunds				<u>9,911</u>
Total general revenues				<u>165,501</u>
Changes in net assets				31,160
Net assets, beginning of year				<u>382,515</u>
Net assets, end of year				<u>\$ 413,675</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF BUEL, SANILAC COUNTY**

Balance Sheet  
Governmental Funds  
March 31, 2008

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>			
Cash on hand & in bank	\$ 356,744	\$ 32,523	\$ 389,267
Due From Fiduciary Funds	5,248	3,352	8,600
Accounts Receivable	3,200		3,200
<b>TOTAL ASSETS</b>	<b><u>\$ 365,192</u></b>	<b><u>\$ 35,875</u></b>	<b><u>\$ 401,067</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>			
TOTAL LIABILITIES	-	-	-
FUND EQUITY:			
Undesignated Funds	\$ 365,192	\$ 35,875	\$ 401,067
TOTAL FUND EQUITY	365,192	35,875	401,067
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b><u>\$ 365,192</u></b>	<b><u>\$ 35,875</u></b>	<b><u>\$ 401,067</u></b>
<b>Total Fund Balances - Governmental Funds</b>			\$ 401,067
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			
The cost of the capital assets is:			31,474
Accumulated depreciation is:			<u>(18,866)</u>
<b>Net Assets of Governmental Activities</b>			<b><u>\$ 413,675</u></b>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Statement of Revenues, Expenditures and  
Changes in Fund Balance - Governmental Funds  
For the Year Ended March 31, 2008

	<u>GENERAL FUND</u>	<u>ROAD FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS MARCH 31, 2008</u>
REVENUES:			
Taxes	\$ 34,392	\$ 32,686	\$ 67,078
Licenses and permits	440		440
Intergovernmental	88,072		88,072
Charges for services	2,565		2,565
Other revenues and refunds	9,786	125	9,911
	<u>135,255</u>	<u>32,811</u>	<u>168,066</u>
TOTAL REVENUES			
	<u>135,255</u>	<u>32,811</u>	<u>168,066</u>
EXPENDITURES:			
Legislative	2,369		2,369
General government	44,380		44,380
Public safety	18,471		18,471
Public works	4,202	68,053	72,255
	<u>69,422</u>	<u>68,053</u>	<u>137,475</u>
TOTAL EXPENDITURES			
	<u>69,422</u>	<u>68,053</u>	<u>137,475</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>65,833</u>	<u>(35,242)</u>	<u>30,591</u>
OTHER FINANCING SOURCES (USES)			
Operating transfer in	-	36,500	36,500
Operating transfer out	(36,500)	-	(36,500)
	<u>(36,500)</u>	<u>36,500</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
	<u>(36,500)</u>	<u>36,500</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>29,333</u>	<u>1,258</u>	<u>30,591</u>
FUND BALANCE - BEGINNING OF YEAR	<u>335,859</u>	<u>34,617</u>	<u>370,476</u>
FUND BALANCE - END OF YEAR	<u>\$ 365,192</u>	<u>\$ 35,875</u>	<u>\$ 401,067</u>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Reconciliation of the Statement of Revenues,  
Expenditures, and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Year Ended March 31, 2008

Amounts reported for governmental activities in the statement of activities are different because:

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 30,591</b>
Governmental funds report capital outlay as expenditures in the statement of activities. These costs are allocated over their estimated useful lives as depreciation:	
Depreciation expense	(929)
Capital outlay	<u>1,498</u>
<b>Change in net assets of governmental activities</b>	<b><u><u>\$ 31,160</u></u></b>

The accompanying notes are an integral part of the financial statements.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
**Fiduciary Fund**  
**Statement of Fiduciary Assets and Liabilities**  
**March 31, 2008**

	<u><b>CURRENT TAX COLLECTION FUND</b></u>
 <b><u>ASSETS</u></b>	
Cash in bank	\$ 1,791
Taxes Receivable	<u>66,096</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 67,887</u></b>
 <b><u>LIABILITIES</u></b>	
Due to General Fund	\$ 5,248
Due to Road Fund	3,352
Due to Other Governmental Units	<u>59,287</u>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 67,887</u></b>

The accompanying notes are an integral part of the financial statements.



**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Notes to the Financial Statements  
March 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**DESCRIPTION OF TOWNSHIP OPERATIONS & FUND TYPES:**

The Township of Buel, Michigan covers an area of approximately 36 square miles within Sanilac County. The Township operates under an elected township board and is a general law township. The Township provides many services to its residents, including public works, public safety, community enrichment, development, and human services.

The financial statements of the Township of Buel have been prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

**A. ADOPTION OF NEW ACCOUNTING STANDARDS:**

During the fiscal period 2008, the Township adopted GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, issue June 1999; GASB Statement 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments Omnibus, an amendment to GASB Statement No 21 and No. 34, issued June 2001, and in GASB Statement No. 38, Certain Financial Statement Note Disclosures, issued in 2001. These statements require the Township to prepare a Management's Discussion and Analysis, government-wide financial statements on an accrual basis, and make some changes to the footnotes.

The following table shows beginning net assets related for the effects of implementation of GASB Statement No. 34:

Fund balance at March 31, 2007 – governmental funds	\$ 370,476
Net capital assets (restated)	<u>12,039</u>
Restated net assets – April 1, 2007	<u><u>\$ 382,515</u></u>

**B. REPORTING ENTITY:**

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic – but not the only – criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township of Buel, Sanilac County include the accounts of all Township operations. The Township's major operations include fire protection, road maintenance, and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Notes to the Financial Statements  
March 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**C. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes, special assessments and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurrent, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, are recorded only when payment is due.

Franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those required to be accounted for in another fund.

The *Road Fund* is a special revenue fund utilized to account for the road tax levy and used to pay for road repairs and expenditures.

Additionally, the government reports as fiduciary funds, the tax collection fund (agency fund).

The *Agency Fund* is utilized to account for the Township's collection of taxes for other governmental units.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Notes to the Financial Statements  
March 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS OF PRESENTATION (Continued):**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments and the public safety millage. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, the unrestricted resources, as they are needed.

**E. ASSETS, LIABILITIES AND NET ASSETS:**

**1. Cash and Investments**

Cash includes amounts in petty cash and demand deposits. Investments included instruments allowed by state statute subsequently described. Investments are carried at amortized cost or fair value. The Township's deposits and investments are in accordance with statutory authority.

State statutes authorize the Township to invest in bonds, securities, and other direct and certain indirect obligations of the U.S. Treasury, which include securities issued or guaranteed by the Government National Mortgage Association; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; and in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase and not totaling more than 40% of any fund at any time. The Township is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

**2. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

**3. Receivables**

Receivables consist primarily of amounts for taxes and customer charges. No allowance for doubtful accounts is considered necessary and credit risk is minimal because of the large number of customers and the authority of the Township to add receivables to the tax rolls which are secured by the underlying property.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Notes to the Financial Statements  
March 31, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**E. ASSETS, LIABILITIES AND NET ASSETS, (Continued):**

4. Capital Assets

Capital assets, which include property, plant, and equipment, infrastructure assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40-60 years
Building Improvements	15-30 years
Office Equipment	5-7 years

5. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-reoccurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

6. Estimates

The preparation of financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Notes to the Financial Statements  
March 31, 2008

**NOTE 2 - CHANGES IN CAPITAL ASSETS:**

A summary of changes in capital assets follows:

	<u>MARCH 31,</u> <u>2007</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>MARCH 31,</u> <u>2008</u>
Land	\$ 1,641			\$ 1,641
Buildings	27,484			27,484
Equipment	851	\$ 1,498		2,349
				<hr/>
Total Cost	29,976	1,498		31,474
				<hr/>
Accumulated Depreciation	(17,937)	(929)		(18,866)
				<hr/>
Net Book Value	\$ 12,039	\$ 569	\$ -	\$ 12,608
				<hr/>

**NOTE 3 - CASH AND EQUIVALENTS:**

Cash and investments are held separately by each of the Township's funds.

**DEPOSITS:**

At year-end, the carrying amount of the Township's deposits was \$391,058 and the bank balance was \$396,385, \$332,246 of which was covered by federal depository insurance.

Deposits are carried at cost. Deposits of the Township are at banks in the name of the Township Treasurer.

The U.S. Governmental Accounting Standards Board Statements No. 3 risk disclosures for cash deposits are as follows:

	<u>CARRYING AMOUNT</u>	
	<u>UNRESTRICTED</u>	<u>RESTRICTED</u>
	<u>ASSETS</u>	<u>ASSETS</u>
Cash – checking	<u>\$391,058</u>	<u>NONE</u>
TOTAL	<u>\$391,058</u>	<u>NONE</u>

All deposits are uncollateralized and insured.

**INVESTMENTS:**

The Township's investments are categorized to give an indication of the level of risk assumed by the Township at year-end. Category 1 includes investments that are insured or registered, or securities held by the Township's or the Township's agent in the Township's name. Category 2 includes investments that are uninsured and unregistered, with securities held by the counterpart's trust department or its agent in the Township's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterpart, or by its trust department or its agent but not in the Township's name. At March 31, 2008, the Township had no Category 1, 2 or 3 investments. Additional disclosures required by GASB 40 are omitted.

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Notes to the Financial Statements  
March 31, 2008

**NOTE 4 - LEGAL COMPLIANCE - BUDGETS:**

The Township follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Budgetary procedures are established pursuant to Act 621 PA 1978, as amended, which requires the Township Board to approve a budget for the Township. Pursuant to the act, the Township supervisor prepares and submits a proposed operating budget. This operating budget includes projected expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayers comments.
3. The budget is legally enacted through passage of a resolution.
4. The Board of Trustees must approve any revisions of the budget.
5. Formal budgetary integration is employed as a management control device during the year for the general fund and special revenue funds.
6. Budgets for general and special revenue funds are adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the Board of Trustees during the fiscal year. Individual amendments were not material in relation to the original appropriations that were amended.
7. The budget is prepared by fund and function and includes information on the past year, current year estimates and requested appropriations for the next fiscal year. Expenditures may not exceed budget at the function level.

**NOTE 5 - PROPERTY TAX REVENUE:**

Property taxes become an enforceable lien on the property as of December 1. Taxes are levied on December 1 and are due in February of the following year. The Township bills and collects its own property taxes and also taxes for the county, intermediate school district and school districts. All tax collections are accounted for in the tax collection fund, an agency fund. Township tax revenues are recognized in the fiscal year that includes the December 1 levy date. In addition, the Township collected the State Education Tax and the county tax that was levied July 1 and due September 15.

The Township levied 0.8275 mills for operations and 1.0000 mills for roads on a taxable value of \$32,688,306.

**NOTE 6 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any losses that may result from the above-described activities. For insured programs, there has been no significant reduction in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 7- TRANSFERS:**

The general fund transferred \$36,500 to the road fund during the year to pay for road work.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended March 31, 2008**

	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Property Taxes				
Current levy	\$ 25,700	\$ 25,700	\$ 26,373	\$ 673
Administration fee	7,500	7,500	8,019	519
Licenses and permits	1,000	1,000	440	(560)
Intergovernmental	87,800	87,800	88,072	272
Charges for services				
Land division fees	250	250	275	25
Appeals and hearings	250	250	-	(250)
Miscellaneous	2,100	2,100	2,290	190
Other revenues and refunds				
Interest	10,000	10,000	9,786	(214)
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>134,600</u>	<u>134,600</u>	<u>135,255</u>	<u>655</u>
EXPENDITURES:				
Legislative	2,450	2,450	2,369	81
General government				
Supervisor	4,800	4,800	4,494	306
Assessor	10,550	10,550	10,341	209
Treasurer	13,750	13,750	13,571	179
Clerk	7,775	7,775	7,530	245
Elections	2,800	1,500	543	957
Board of review	1,100	1,600	843	757
Building and grounds	4,000	3,850	1,804	2,046
All other general government	3,850	5,000	3,756	1,244
Capital outlay	2,000	2,800	1,498	1,302
Public safety				
Ambulance	10,000	10,000	9,048	952
Fire protection	11,500	11,500	6,760	4,740
Building inspection, zoning, other public safety	4,750	3,750	2,663	1,087
Public works				
Drains at large	5,000	5,000	4,202	798
TOTAL EXPENDITURES	<u>84,325</u>	<u>84,325</u>	<u>69,422</u>	<u>14,903</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>50,275</u>	<u>50,275</u>	<u>65,833</u>	<u>15,558</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in				
Operating transfer out	<u>(50,000)</u>	<u>(50,000)</u>	<u>(36,500)</u>	<u>13,500</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(50,000)</u>	<u>(50,000)</u>	<u>(36,500)</u>	<u>13,500</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>275</u>	<u>275</u>	<u>29,333</u>	<u>29,058</u>
FUND BALANCE - BEGINNING OF YEAR	<u>335,859</u>	<u>335,859</u>	<u>335,859</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 336,134</u>	<u>\$ 336,134</u>	<u>\$ 365,192</u>	<u>\$ 29,058</u>



**TOWNSHIP OF BUEL, SANILAC COUNTY**  
Required Supplementary Information  
Budgetary Comparison Schedule  
Road Fund  
For the Year Ended March 31, 2008

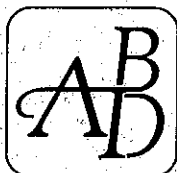
	<u>ORIGINAL BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
REVENUES:				
Property Taxes				
Current levy	\$ 28,000	\$ 28,000	\$ 32,686	\$ 4,686
Other revenues				
Interest	120	120	125	5
Miscellaneous				-
	<u>28,120</u>	<u>28,120</u>	<u>32,811</u>	<u>4,691</u>
TOTAL REVENUES				
EXPENDITURES:				
Public works				
Roads expense	78,700	78,700	68,053	10,647
	<u>78,700</u>	<u>78,700</u>	<u>68,053</u>	<u>10,647</u>
TOTAL EXPENDITURES				
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(50,580)</u>	<u>(50,580)</u>	<u>(35,242)</u>	<u>15,338</u>
OTHER FINANCING SOURCES (USES)				
Operating transfer in	50,000	50,000	36,500	(13,500)
	<u>50,000</u>	<u>50,000</u>	<u>36,500</u>	<u>(13,500)</u>
TOTAL OTHER FINANCING SOURCES (USES)				
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(580)</u>	<u>(580)</u>	<u>1,258</u>	<u>1,838</u>
FUND BALANCE - BEGINNING OF YEAR	<u>34,617</u>	<u>34,617</u>	<u>34,617</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 34,037</u>	<u>\$ 34,037</u>	<u>\$ 35,875</u>	<u>\$ 1,838</u>

## **ADDITIONAL INFORMATION**

**TOWNSHIP OF BUEL, SANILAC COUNTY**  
**Statement of Changes in Assets and Liabilities**  
**Agency Fund**  
**For the Fiscal Year Ended March 31, 2008**

**CURRENT TAX COLLECTION FUND**

	<b>BALANCE MARCH 31, 2007</b>	<b>ADDITIONS</b>	<b>DEDUCTIONS</b>	<b>BALANCE MARCH 31, 2008</b>
<b><u>ASSETS</u></b>				
Cash in Bank	\$ 1,557	\$ 234		\$ 1,791
Taxes Receivable	66,060	810,694	\$ 810,658	66,096
<b>TOTAL ASSETS</b>	<b><u>\$ 67,617</u></b>	<b><u>\$ 810,928</u></b>	<b><u>\$ 810,658</u></b>	<b><u>\$ 67,887</u></b>
 <b><u>LIABILITIES</u></b>				
Due to General Fund	\$ 4,771	\$ 34,821	\$ 35,298	\$ 5,248
Due to Road Fund	3,094	32,428	32,686	3,352
Due to other Governmental Units	59,752	743,409	742,944	59,287
<b>TOTAL LIABILITIES</b>	<b><u>\$ 67,617</u></b>	<b><u>\$ 810,658</u></b>	<b><u>\$ 810,928</u></b>	<b><u>\$ 67,887</u></b>



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

Certified Public Accountants

Gary R. Anderson, CPA  
Jerry J. Bernhardt, CPA  
Thomas B. Doran, CPA  
Valerie J. Hartel, CPA  
Terry L. Haske, CPA  
Jamie L. Peasley, CPA  
Timothy Franzel

Robert L. Tuckey, CPA

June 18, 2008

To the Members of the Board  
Township of Buel

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Township of Buel for the year ended March 31, 2008, and have issued our report thereon dated June 18, 2008. Professional standards require that we provide you with the following information related to our audit.

#### Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated June 18, 2008, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

#### Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on June 18, 2008.

#### Significant Audit Findings

##### Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Buel are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Township of Buel changed its accounting policies related to full accrual financial statements by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 34, in 2008. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 1. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

##### Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

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Cass City & Marlette

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 18, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

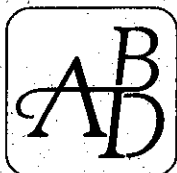
We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Members of the Board and management of the Township of Buel and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

*Anderson, Tuckey, Bernhardt & Doran, P.C.*

Anderson, Tuckey, Bernhardt, & Doran, P.C.  
Certified Public Accountants



# ANDERSON, TUCKEY, BERNHARDT & DORAN, P.C.

## Certified Public Accountants

---

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Timothy Franzel

Robert L. Tuckey, CPA

June 18, 2008

To the Members of the Board  
Township of Buel

In planning and performing our audit of the financial statements of the Township of Buel as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Buel's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. During the course of our audit, we observed the following significant deficiency:

#### Segregation of Duties

Due to the limited number of people, many critical duties are combined and given to the available employees/board members. To the extent possible, duties should be segregated to serve as a check and balance and to maintain the best control system possible. We recommend the Township segregate duties whenever possible.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. We believe that the following deficiencies constitute material weaknesses:

#### Financial Statements

After considering the qualifications of the accounting personnel of the Township of Buel, we believe that the personnel have the abilities to maintain the day-to-day bookkeeping of the Township, but they do not have the qualifications and abilities to generate financial statements, including the required footnotes, in accordance with accounting principles generally accepted in the United States of America.

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Members of the Board  
June 18, 2008  
Page 2

This communication is intended solely for the information and use of management, the Township of Buel and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the opportunity to be of service to the Township of Buel and look forward each year to continuing our relationship. The cooperation extended to us by your staff throughout the audit was greatly appreciated. Should you wish to discuss any item included in this letter further, we would be happy to do so.

Very truly yours,



Anderson, Tuckey, Bernhardt & Doran, P.C.  
Certified Public Accountants